

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7901

BILL NUMBER: HB 1979

DATE PREPARED: Feb 28, 2001

BILL AMENDED: Feb 27, 2001

SUBJECT: Merchant Powerplant Siting.

FISCAL ANALYST: John Parkey

PHONE NUMBER: 232-9854

FUNDS AFFECTED:

X

**GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill defines the term "merchant power plant". The bill establishes the criteria the Indiana Utility Regulatory Commission (IURC) must consider when considering a merchant power plant application, including preferred siting locations. The bill lists the duties of the merchant power plant following approval by the IURC.

It establishes the Utility Worker Skills and Standards Committee. The bill provides that the committee consists of the following members:

- (1) The Utility Consumer Counselor, who serves as chair and an ex officio, non voting member.
- (2) Five members appointed by the governor and representing different types of electric utilities.
- (3) Five members appointed by the governor and representing various employee organizations.

The bill requires the Committee to adopt rules establishing skill and training standards for employees who operate or maintain electric utilities. The bill requires any proposed standards or qualifications to be approved by a simple majority of the voting committee members. The bill provides that any proposed standards or qualifications not agreed to by a simple majority of committee members shall be submitted to the chair for a final decision. The bill prohibits the chair from creating any new standards or approving any standards not proposed by the voting members. The bill requires the committee to meet at least annually to review of the effectiveness of the rules and consider whether any additions or amendments to the rules are necessary. The bill requires the committee to adopt the initial set of rules not later than January 1, 2003.

The bill provides that the IURC may decline to exercise jurisdiction over a facility that has applied to the IURC before March 1, 2001. The bill specifies that the IURC has jurisdiction over a merchant power plant that has made a significant alteration in the labor used to construct or remodel the facility.

Effective Date: (Amended) Upon Passage; July 1, 2001.

Explanation of State Expenditures: (Revised) *IURC*: This bill places merchant power plants under the jurisdiction of the IURC. Under this proposal, a new merchant power plant would be required to petition the IURC for approval to construct the facility. The bill requires the IURC to consider the following when reviewing a plant's petition: location, need, financing, reporting requirements, and a plant's impact on electric supplies and customers. The bill requires the IURC to give preference to brownfield sites, sites of existing plants, or other sites identified for power plant or heavy industrial development in local land use plans.

The bill also requires IURC to exercise jurisdiction over exiting merchant power plants if the operators of a facility do not use contractors, subcontractors, or work crews who have not completed a jointly administered labor and management program approved by the United States Department of Labor's Bureau of Apprenticeship Training.

Depending on the number of facilities that seek regulatory approval, this bill is expected to increase the administrative costs of the IURC. However, any increase in IURC's administrative costs will be absorbed using existing staff and resources.

OUCC: This bill also creates the Utility Worker Skills and Standards Committee chaired by the Utility Consumer Counselor. The Committee has ten other members-- five of whom represent utilities, while the remaining five represent labor. The bill requires the Committee to adopt rules to establish skill and training standards for employees that operate or maintain utilities. The bill does not specify funding or staffing for the Committee.

Explanation of State Revenues: (Revised) The Indiana Utility Regulatory Commission and the Office of the Utility Consumer Counselor are funded by public utilities. The annual fee charged to utilities is based on the budgets of these two agencies. At the end of the fiscal year, if the total public utility fees in the Public Utility Fund plus the unspent balance of the Fund exceeds the total appropriations for the IURC and the OUCC (plus a \$250,000 contingency fund), then the IURC must compute each utility's share of the excess. This share is then deducted from any subsequent payment of the utility's public utility fees. In FY 2000, public utility fines and fees generated \$8,053,986.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission; Office of the Utility Consumer Counselor.

Local Agencies Affected:

Information Sources: Indiana Utility Regulatory Commission.